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UNITED STATES CIVIL SERVICE COMMISSION

BTN. NO. 531-52

BULLETIN

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Washington, D.C. 20415  
August 26, 1971

SUBJECT: Federal Employee Wage and Salary Freeze

*Heads of Agencies and Independent Establishments:*

This bulletin transmits for your information answers to some of the questions that have been raised about how the pay and other benefits of Federal employees are affected by Executive Order 11615, August 15, 1971, which freezes salaries, wages, prices, and rents for 90 days.

*Bernard Rosen*

Bernard Rosen  
Executive Director

Attachment

INQUIRIES: Salary Questions: Code 101, Extension 25595 (63-25595)  
Wage Questions: Code 101, Extension 25454 (63-25454)  
Incentive Awards Questions: Code 101, Extension 25568 (63-25568)  
Retirement Questions: Code 101, Extension 24684 (63-24684)  
Personnel Action Processing Questions: Code 101, Extension  
25623 (63-25623)

CODE: 531

# MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

1 & 2 ?

Setting Basic Pay

1. Q. Is the highest previous rate rule affected by the freeze?  
A. No. The highest previous rate rule may be applied as usual. For example, see questions 2 and 5.
2. Q. Are promotions permissible during the freeze period?  
A. Yes. Promotions to positions of greater responsibilities in higher grade or level are permitted under the order, and pay on promotion will be fixed in accordance with applicable law and regulation, including an agency's highest previous rate regulations. In this connection, agencies should keep in mind the provisions of OMB Bulletin 72-4.
3. Q. How is pay to be set for new employees?  
A. The initial setting of pay for new employees is not affected by the freeze.
4. Q. Will superior qualification appointments above the minimum of the grade be permitted during the freeze?  
A. Agencies may continue to apply to the Commission to make such appointments, in accordance with existing law and regulations.
5. Q. How is pay to be set for former Federal employees who are reemployed after a break in service?  
A. Pay for reemployed former Federal employees should be set in accordance with the usual procedures, including an agency's highest previous rate regulations.
6. Q. May pay be increased to correct an administrative error made in processing a personnel action?  
A. Yes.

Within-Grade Increases

1. Q. Are all within-grade increases frozen?  
A. Yes. Within-grade increases and quality increases are frozen during the 90-day period.
2. Q. Does the freeze on within-grade increases apply to both wage and General Schedule employees?  
A. Yes. Regardless of the pay plan or pay system, if there is a schedule of within-grade rates through which an employee could progress on the basis of longevity or merit, or combination of same, no within-grade increase may be effected on or after August 15, 1971.
3. Q. May within-grade increases which would have been earned during the 90-day period be paid retroactively at the end of the wage-freeze period?  
A. No.
4. Q. What effect will the freeze on within-grade increases have on the waiting period for subsequent increases?  
A. No effect. For waiting period purposes, an employee will be considered to have received his within-grade increase on the date he would have received it had the wage freeze not been in effect.
5. Q. While the freeze is in effect, is it still necessary for acceptable level of competence determinations to be made for General Schedule employees?  
A. Yes. Acceptable level of competence determinations must continue to be made, and the normal rights of an employee to seek reconsideration or reversal of a negative determination are not affected by the freeze.

Premium Pay

1. Q. If an employee on or after August 15, 1971, begins working hours of duty or under conditions for which premium pay (overtime, night, holiday, Sunday, hazardous duty, etc.) is normally granted, may he receive the appropriate additional pay during the freeze period?
  - A. Yes. The freeze does not affect the actual payment of previously authorized rates to employees who are assigned, either now or in the future, to work for which those premium pay rates have been authorized.
2. Q. If an employee is entitled to receive a differential based on a percentage of his pay rate, should the percentage be based on the actual pay rate he is receiving or the pay rate he would be receiving were it not for the freeze?
  - A. The differential must be based on the actual pay rate he is receiving.

Actions Under Coordinated Federal Wage System

1. Q. What effect does Executive Order 11615 have on application of the 45-day law?
  - A. If the effective date of the wage schedule falls within the freeze period, the schedule will not be issued; or if issued prior to August 15, it will not be effected during the freeze.
2. Q. A wage schedule has an effective date of August 8, 1971. Should it be effected by the employing activities?
  - A. Yes. The schedule will be effected since the effective date of August 8, 1971, falls prior to the freeze period.
3. Q. A schedule is effective August 15, 1971. Is it to be effected?
  - A. No. The schedule will not be effected since the effective date of August 15, 1971, falls within the freeze period.

4. Q. What disposition will be made of surveys in progress?
- A. Surveys in progress will be completed and all actions taken in accordance with existing instructions to the point of issuing the new wage schedule. If the effective date of the wage schedule falls prior to the freeze period, the schedule will be effected. If the effective date falls within the freeze period, the schedule will not be effected.
5. Q. Does Executive Order 11615 affect retroactive "Monroney" schedules?
- A. "Monroney" schedules with an effective date prior to the freeze period will be issued and effected. A "Monroney" schedule with an effective date during the freeze period will not be effected.
6. Q. Will special surveys be conducted under the Monroney law for retroactive application?
- A. Yes. See answer above.
7. Q. Will wage schedules be retroactively applied when the wage freeze is lifted?
- A. No.
8. Q. If a wage employee transfers in the same grade and step rate from one wage area to another local wage area with higher rates, can he receive an increase in pay?
- A. Yes. He should receive the proper wage rate for his grade and step under the wage schedule for whatever area he is working in.

Retirement

Q. How does the freeze affect an employee's "high three" years average salary for Civil Service Retirement purposes?

A. Computation of an employee's "high three" years average salary over a period of time which includes the freeze period will be based on the basic pay the employee actually received, rather than on that basic pay he would have been entitled to receive had the freeze not been in effect.

Life Insurance

Q. How does the freeze affect the amount of an employee's life insurance coverage under the Federal Employees Group Life Insurance Program?

A. The amount of an employee's group life insurance coverage during the period of time the freeze is in effect will be based on the annual rate of basic pay the employee actually received, rather than on the pay he would have been entitled to receive had the freeze not been in effect.

Pay Set by Administrative Action

1. Q. May administratively determined pay schedules be increased during the freeze period?

A. No.

2. Q. May pay for an expert or consultant be increased during the freeze period?

A. No.

Special Rates

- 1 Q. How will the freeze on pay raises affect special salary rates that can be approved by the Commission under the authority of 5 U.S.C. 5303?
  - A. During the period covered by the freeze, no existing special rate schedules will be increased and no new special rate schedules will be approved for any occupation or geographic area.
- 2 Q. Can an employee receive a pay increase if, during the freeze, he moves from an occupation covered by regular salary rates to an occupation covered by special salary rates even though there is no change in grade?
  - A. Yes. This would be true also if an employee moves from a position covered by special rates to a position covered by higher special rates. On job changes, with or without a promotion, the employee will receive the rate of pay that is authorized for his new position.

Cost-of-Living Allowances

- Q. If an employee transfers during the freeze period to an area for which a cost-of-living allowance is authorized, can he receive that allowance?
  - A. Yes, if he is otherwise eligible.

Incentive Awards

- Q. Are incentive awards frozen?
  - A. Cash awards and within-grade step increases based on performance or merit are frozen. Honorary awards are not affected by the freeze, nor are cash awards for employee suggestions or inventions.